



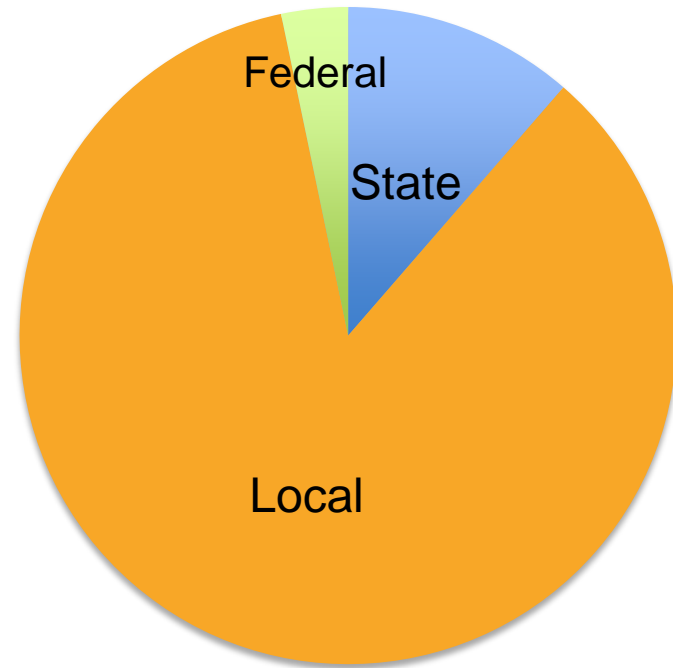
Long Range Facilities Planning Committee  
Meeting 2  
Wednesday, November 11, 2015



# School Finance – The Big Picture

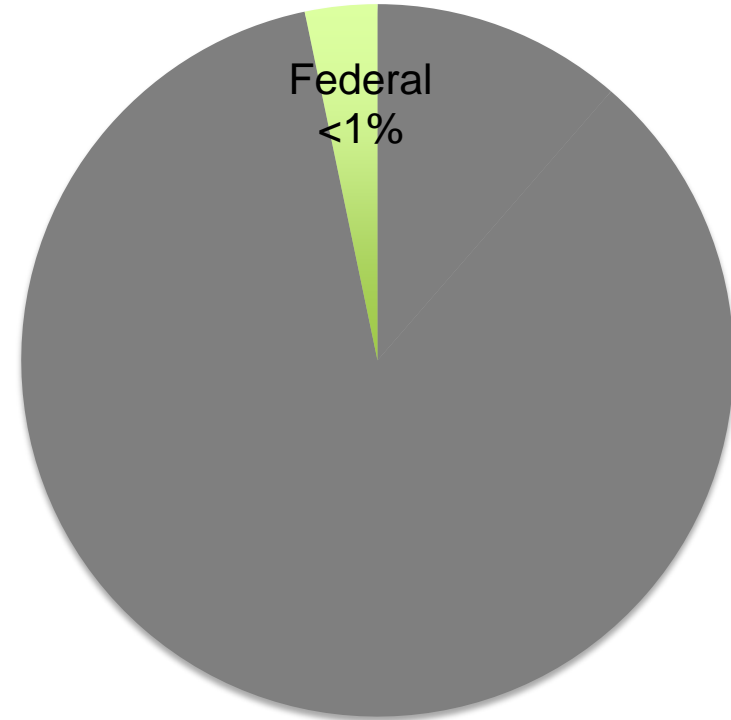
A school district's budget is generated from **three** sources:

- Federal funding
- State funding
- Local funding (tax effort)



# Federal Funding

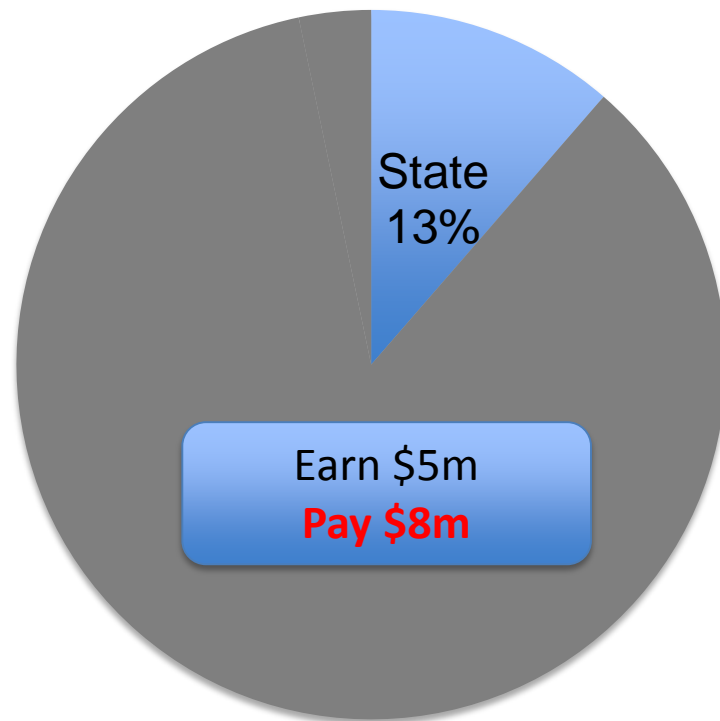
- Appropriated for special programs or to provide services to a specific group of students
- Cannot be used to replace state or local dollars to fund a program
- About half of federal funds go directly to school districts
- The remainder goes to the state or to regional service centers



# State Funding

## Foundation School Program

- Provides state funding to school districts
- Administered by TEA
- Meant to ensure that all school districts, regardless of property wealth, receive "substantially equal access to similar revenue per student at similar tax effort, considering all state and local tax revenues of districts after acknowledging all legitimate student and district cost differences."

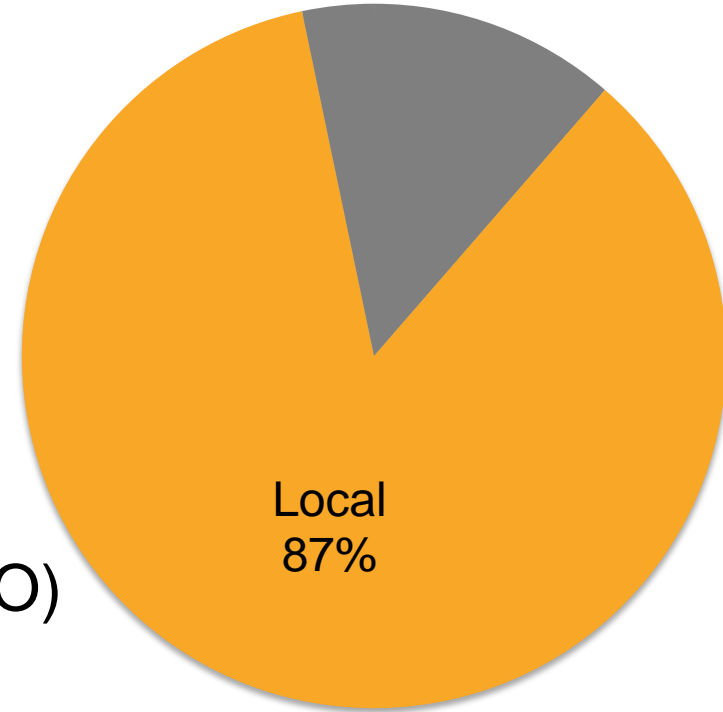


# State funding

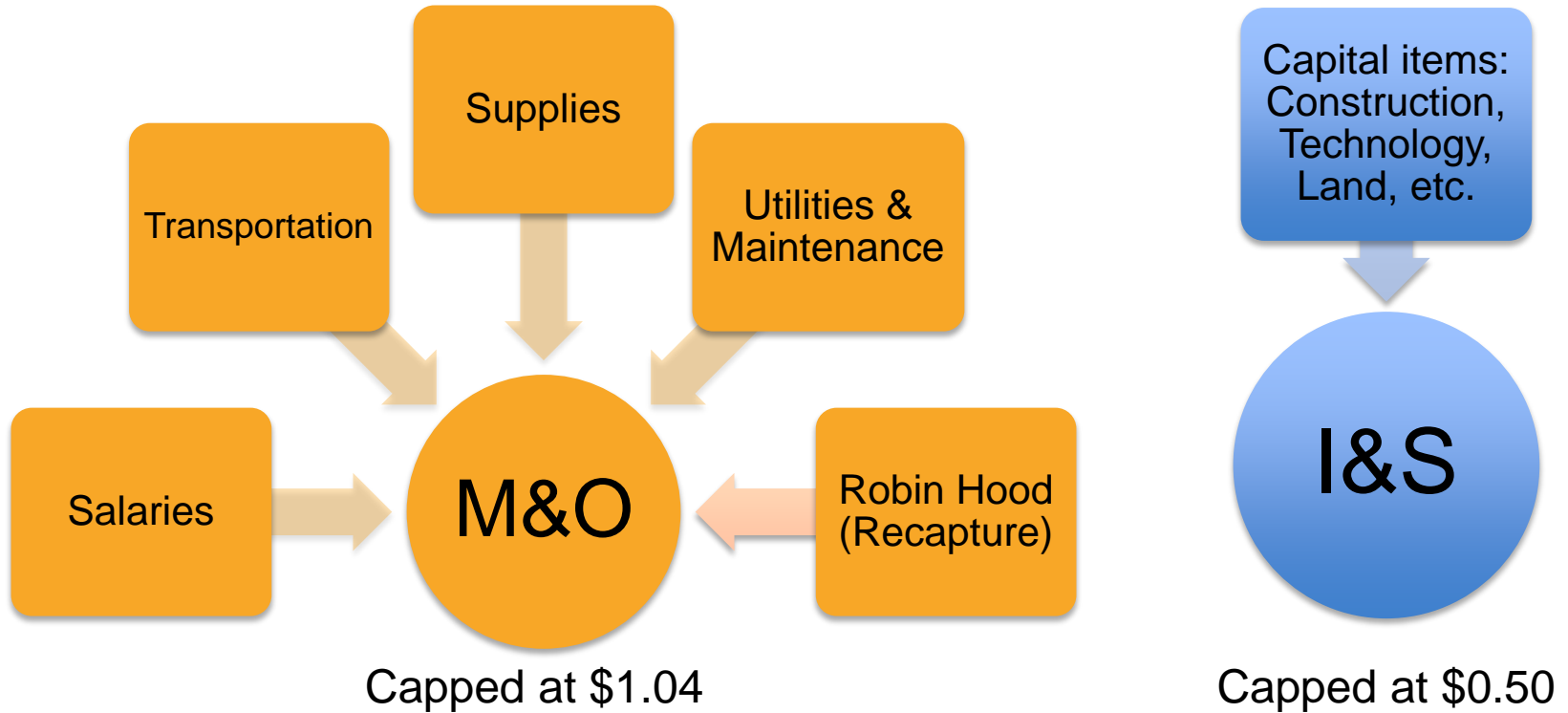
- State funding system is COMPLICATED
- The simplest explanation:
  - Each district receives different level of funding
  - Basic funding levels are primarily established by looking at “wealth per student”
    - Comptroller Property Value divided by Weighted Average Daily Attendance (WADA)
    - Lower “wealth per student” = more state funding
    - Higher “wealth per student” = less state funding

# Local Tax Effort

- Generated from property taxes (not sales taxes)
- Called “ad valorem” taxes
- Each year, a school district adopts two tax rates:
  - Maintenance & Operations (M&O)
  - Interest & Sinking (I&S)



# Local tax effort



# Robin Hood – Chapter 41

- 2005 - 2015 BISD paid \$74.5 million
- 2016 BISD expects to pay \$8 million
  - Total \$82.5 million
- 11% of M&O budget
- 14 cents of \$1.04 M&O tax rate
- 418 Districts identified as Chapter 41 in 2015
- State recaptured \$1.4 billion
  - \$1.2 billion was paid by 12% of total districts
- BISD is within those 12% of districts

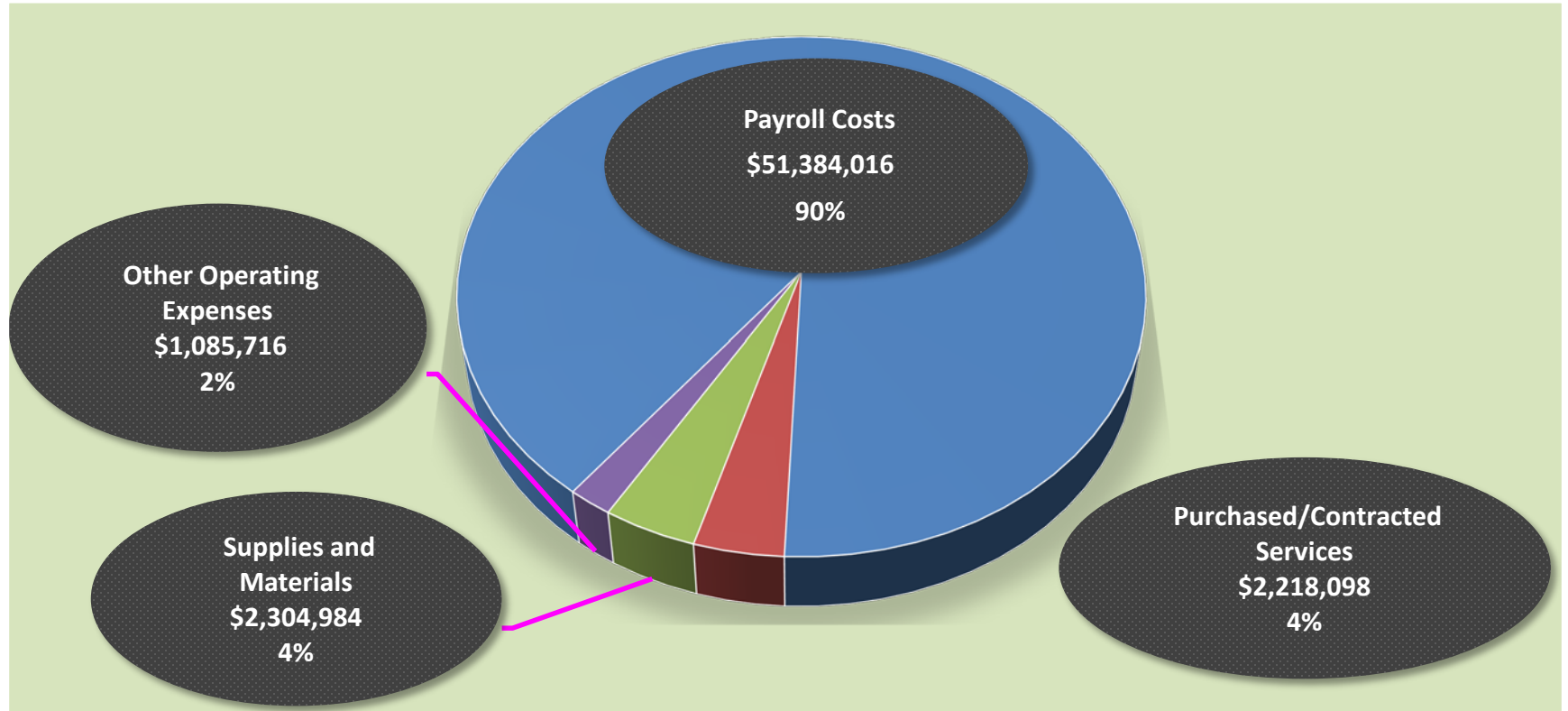


# M&O Funding

## School District **Maintenance and Operations (M&O)** Funding

- Districts levy M&O tax rate for Operations Funding
- Annual District Budget passed by School Board of Trustees
- BISD M&O Tax Rate = \$1.04 per \$100 of assessed valuation
- Pays for Salaries, Utilities, Operations, Robin Hood Recapture

# GENERAL FUNDS BUDGET EXPENDITURES by MAJOR OBJECT LESS ROBIN HOOD & DEBT & UTILITIES



# M&O Budget & Fund Balance

Local Revenue	\$58,094,103	87%
State Revenue	8,513,958	13%
Federal Revenue	<u>489,750</u>	<1%
Total Revenue	\$67,097,811	
Expenditures	<u>-67,097,811</u>	
Net Excess	\$0	
Beginning Fund Balance	<u>\$14,617,782</u>	22%
Projected FB 6/30/16	\$14,617,782	

# I&S (Capital Debt) Funding

## School District **Capital Needs** Funding

- Districts levy Interest & Sinking (I&S) tax rate for Debt Payment
- Annual District I&S Rate passed by School Board of Trustees
- Pays for Debt (Cannot be used for Operations such as salaries, utilities, etc.) to fund capital needs like the construction and improvement of school facilities
- Districts can decide pay-off terms (40, 30, 20, 5 year terms, etc.)
- Technology and transportation may be financed for short term (5 years)

# Bond Elections

- In the same way homeowners borrow money in the form of a mortgage to finance the purchase of a home, a school district borrows money in the form of bonds to finance the design, construction, expansion and renovation of schools.
- Bonds are approved by voters in a bond election then sold to investors in the competitive market.
- District then levies the Debt Service (I&S) tax rate to repay the bonds.

# Typical Bond Process

Board Calls Bond Election 78 Days Prior to Election Day  
Elections can only be held on the two General Election Days in May or November

Voter Education

Bond Election Approved by Voters

Bonds Sold to Investors

Project Design & Planning Process

District Levies I&S Tax Rate to Repay Bonds

Projects Go to Bid

Construction

# BISD Tax Rate

- Maintenance and Operations (M&O) - **\$1.04**
  - Salaries, utilities, supplies, gas, robin hood, etc.
- Debt Service (I&S) - **\$0.254**
  - Used to pay off existing debt
- Total current tax rate - **\$1.294** (per \$100 of assessed valuation)

# Tax Rates

No increase for  
over 12 years

M & O  
\$1.04



Reduced by 3.6¢  
over last 9 years

I & S  
\$.254

Total  
Tax Rate  
\$1.294



# BISD Tax Rate History

Fiscal Year	General Operating	Debt Service	Total
2009	\$1.04	\$0.290	\$1.330
2010	\$1.04	\$0.290	\$1.330
2011	\$1.04	\$0.274	\$1.314
2012	\$1.04	\$0.274	\$1.314
2013	\$1.04	\$0.274	\$1.314
2014	\$1.04	\$0.254	\$1.294
2015	\$1.04	\$0.254	\$1.294

# How BISD Compares

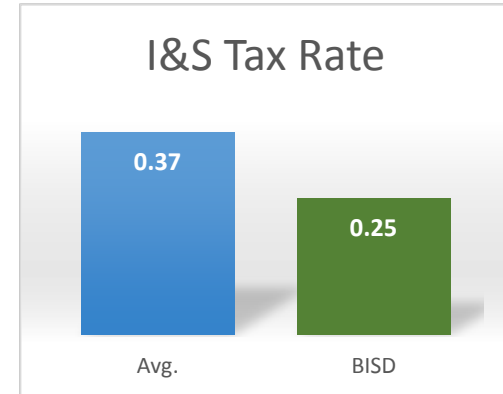
## TAX RATES FOR IMMEDIATE AREA AND FAST GROWTH DISTRICTS

District	2014 Tax Rate		
	M&O	I&S	Total Tax Rate
Liberty Hill ISD	\$1.04	\$0.50	\$1.54
Hays Consolidated	\$1.04	\$0.50	\$1.54
Dripping Springs	\$1.04	\$0.48	\$1.52
Schertz-Cibolo-UC	\$1.04	\$0.45	\$1.49
Bastrop	\$1.04	\$0.40	\$1.44
North East ISD	\$1.04	\$0.40	\$1.44
Lockhart	\$1.04	\$0.39	\$1.43
Lake Travis ISD	\$1.04	\$0.37	\$1.41
Comal	\$1.04	\$0.35	\$1.39
Northside ISD	\$1.04	\$0.34	\$1.38
New Braunfels ISD	\$1.01	\$0.33	\$1.34
Seguin ISD	\$1.04	\$0.28	\$1.32
<b>Boerne ISD</b>	<b>\$1.04</b>	<b>\$0.25</b>	<b>\$1.29</b>
Alamo Heights	\$1.06	\$0.15	\$1.21
<b>AVERAGE I&amp;S TAX RATE</b>	<b>\$1.04</b>	<b>\$0.37</b>	<b>\$1.41</b>

# Fast Growth School Coalition



- 84 of Texas' 1,000 districts
- Enrollment of 2,500+
- Growth of 10 % over 5 years



# Existing Debt

- As of 6-30-14 BISD owes \$187 million bonded debt
- Requires semi-annual interest and principal payments of \$15 million
- I&S fund balance = \$6.5 million

# How BISD Compares

## OUTSTANDING DEBT FOR IMMEDIATE AREA AND FAST GROWTH DISTRICTS

<u>District</u>	<u>2014</u> <u>Outstanding Debt</u>
Northside ISD	\$1,982,870,000
North East ISD	\$1,411,303,775
Comal	\$475,788,425
Hays Consolidated	\$328,155,000
Schertz-Cibolo-UC	\$292,610,515
Lake Travis ISD	\$277,933,303
Dripping Springs	\$203,864,999
<b>Boerne ISD</b>	<b>\$187,182,928</b>
Bastrop	\$171,338,836
New Braunfels ISD	\$130,006,670
Seguin ISD	\$113,379,279
Liberty Hill ISD	\$112,379,926
Alamo Heights	\$101,236,054
Lockhart	\$76,029,988
<b>AVERAGE</b>	<b>\$418 M</b>